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A NATIONAL CURRENCY,

SUPPLEMENTAL TO THE USE OF GOLD AND SILVER,

BASED ON A CONSTITUTIONAL AMENDMENT.

No Inflation, No Contraction.

REDEMPTION WHEN REQUIRED.

—BY—

Hon. Albert R. M. WIDNEY,

Of Los Angeles, Cal.

FOURTH ISSUE.

ACCOMPANIED BY FULL TEXT OF PROPOSED LAW

AND

CONSTITUTIONAL AMENDMENT.

Either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.

January 15, 1891.

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PREFACE.

The following pages are designed to furnish facts and suggestions to aid in the solution of the present financial emergency.

A NATIONAL CURRENCY

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BASED ON A CONSTITUTIONAL AMENDMENT.

No Inflation, no Contraction—Redemption when Required.

By R. M. Widney, of Los Angeles, Cal.

DANGER!

The total amount owing by (8,055) all the banking institutions of the United States to depositors in July, 1890, was $4,603,844,157.

The total *cash* in all of these banks at the same date, was:—

Gold coin	$99,811,011
Silver, nickels, foreign coin, etc	28,811,478
Paper money	349,694,405
Total	$478,316,694

Ten cents on the dollar on hand to pay depositors on demand!

If gold were the only legal tender, there would be on hand only *about* 2 *cents on the dollar* for depositors!

Or if gold and silver were combined, it would give less than .03 cents on the dollar!

By using gold, silver and coin certificates on the United States Treasury, there would be only about 5 cents on the dollar in cash for depositors.

At the same date these banks had loaned out to the people, $3,893,951,799.

There were then about $957,746,248 scattered in the hands of 62,000,000 people. This represents only about 25 cents on the dollar for the people to pay on their loans to the banks. But most of the outstanding money is in the hands of parties not debtors to banks.

It may be safely estimated that the people could not pay the banks 10 cents on the dollar in cash; neither could the banks pay over 10 cents on the dollar to depositors.

EFFORTS TO RELIEVE THE STRINGENCY.

The efforts of financial institutions in this respect were very much the same as the general of an army too few in numbers to fight a battle. By rapidly moving a part of his forces from one point to another he tries to maintain strength at one point by weakening some other.

Last September, New York received $5,993,000 from the interior, and the interior took $20,936,000 from New York. August showed also a large loss for that city, while November and December drew millions more to the interior as against vastly smaller sums drawn to New York, so that their reserve ran some $3,000,000 below the limit.

Financial reports constantly contain such statements as these: "Vast sums of

money are moving from Eastern cities to the South and West." "Over $1,000,000 was shipped to the West to-day." "Some $500,000 was transferred to New Orleans to-day." "Over $10,000,000 were used to start new banks in the South this year." "The cotton crop of the South is over $400,000,000 per year." "During the last five years over 17,000 new enterprises have been started in the South, embracing every variety of manufactures."

Some 32,800 miles of railroad were built in the United States during the past four years, at a cost of not less than $3,000,000,000, including rolling stock, etc The money spent in building towns, cities, farms, and in developing the resources of this nation last year is counted only by billions.

New York City used some $300,000,000 for building in 1890.

Some financiers complain of this, and would destroy the greater portion of all this work, thereby throwing out of employment hundreds of thousands of laborers.

It is a strange comment on a financial scheme that, to prevent an increase in volume of money, we must destroy the prosperity of a nation and reduce to starvation or crime the laboring classes.

SUMMARY.

Banking Institutions.

Due depositors	$4,603,844,159
Cash with which to pay *ten cents on the dollar*	478,316,694
Loans	3,893,951 799
Cash in hands of the 62,000,000 people out of which to pay the loans	957,746,248
or about 25 cents on the dollar.	
A partial collection of statistics shows that the volume of business of the United States for the last year was over	45,000,000,000
The money in circulation outside of United States Treasury was for the same year	1,436,062,942

of which over $400,000,000 was held out of circulation as bank reserves, leaving say $1,000,000,000, or 2½ cents on the dollar with which to make exchanges. *And it may be safely estimated that the business of the United States did not have a circulating medium of* 1 *cent on the dollar for actual business.* Gold and silver combined would not give ½ cent per dollar for business.

A past, present and continuing *stringency* under such conditions is a necessity. *And unless the circulating medium is increased to a sufficient volume to meet the demands of business, business must be killed off until it is within the compass of the volume of money.*

How strange that the opponents of more money should say: "*The cause of the recent stringency in money is the fact that there was too much money. The stringency is now over unless Congress should issue more money.*"

RELATION OF MONEY TO BUSINESS.

Money is used as a means to carry on business, and varies in demand as business increases or decreases. There is a fixed relation between the two which, if disturbed, must cause trouble. As the business, population and area of our country increase the volume of money must increase.

Enterprises cannot be conducted by paying laborers $2 worth of real estate or produce per day. There must be some accepted representative of value to use for exchange, and there must be enough of it. So long as each locality is doing its

best to fill its own shortage by pulling money from some other place that needs it, and so long as banks are drawing it from customers, thereby crushing them, to save the bank, so long as each nation is borrowing and importing money from some other nation, it is useless to say either there is too much or an abundance of money.

INTERNATIONAL MONEY SUPPLY AND DEMAND.

In August last the principal gold and silver coin and bullion was as follows:

Bank of England	$184,600,000
Bank of France	514,500,000
Deutsche Reichsbank	119,000,000
Austro-Hungarian	106,500,000
Amsterdam	51,500,000
Bank of Belgium	83,500,000
Bank of Spain	53,500,000
Total	$1,113,100,000
Total in United States, September	1,153,191,404
	$2,266,591,404

Each of the above nations is short of coin to-day. In October last Austro-Hungary wanted a loan of £20,000,000. Of this the *London Economist*, in October. said: "Where could any country, however good its credit, obtain £20,000,000 at the present time? On Friday last the entire stock of gold in the Bank of England was only £19,609,997. Everybody knows England is *trying hard to get gold.* The Bank of Germany had on October 17th £25,298,000, and wants more. The Bank of France had 51,725,000 francs, but is *unwilling to part with it. The attempt to raise this sum to loan would give rise to the most serious monetary disturbance the world over.*"

As the newer nations rise to higher civilization they draw gold from the supply of older nations; that is, money from the older nations goes into the new ones to develop them. Vast sums have recently gone to Egypt, Portugal, South America, and the South and West of the United States.

These demands and outstanding ones aggregate over $4,400,000,000, *more than double the volume of coin in all the leading nations.*

So closely pressed is each nation, that recently when Russia withdrew £17,000,000 from Baring Bros., it created a money panic that required the combined money of the Banks of England and Scotland to tide over, *and this was only done by the Bank of England borrowing from the Bank of France some* $15,000,000, *which is not yet repaid.* And now France is putting a £36,000,000 loan on the market, which will draw nearly all the French gold out of London. Russia temporarily returned to England, at her request, the £17,000,000 previously withdrawn from Baring Bros.

New York recently drew some $5,000,000 from England, and then the pinch cut further exportations short. Last month San Francisco tranferred $2,500,000 to help New York, and in less than three days the stringency was so severely felt in the former place that the retransfer of money began. The United States Treasury turned out over $200,000,000 to fill the void in the fall months.

In addition to the above, the banks of New York City, Boston and Philadelphia

issued over $30,000,000 of panic certificates to supply the WANT, the SCARCITY of money, and to prevent solvent banks from failing.

In the light of the foregoing, what shall we say of those financiers who have repeatedly and substantially asserted that "*the cause of the recent stringency in money was the fact that there was too much money. The stringency is now over unless Congress should issue more money*"?

FINANCIAL WRECKAGE.

The financial result of the stringency in wreck and ruin is approximately as follows:

Financial failures in the United States, 1890	$190,000,000
Shrinkage in stocks and bonds in New York	300,000,000
In other values it is estimated at not less than	10,000,000,000

Over 100,000 people have been thrown out of employment, and are to-day *silently, patiently waiting for labor and bread.* It is the ominous silence before the storm. Men will not starve in the midst of plenty. *Self-preservation is the first law of nature*, as well as of the Constitution of the United States. Here is fuel enough to make the funereal pyre of the nation, if the torch of Socialism is once fairly applied.

True, this wealth is not destroyed. It has only changed hands. That is, "the poor are poorer, and the rich are richer."

It would seem that the Government is run on the theory that its great work was to protect the money and not the people, as if man was made for the benefit of money, and not money for the benefit of man.

The following demands for large loans are now on the market of the world:

Austro-Hungary	$100,000,000
France	182,000,000
Mexico	40,000,000
Argentine Republic	500,000,000
Other South American States	725,000,000
African Mines, Trust Companies, etc	350,000,000
	$1,897,000,000

Other nations want fully as much more, to say nothing of local demands in each nation.

MORE CIRCULATING MEDIUM.

The world has outgrown its financial systems and money supply. The demand from every place is voiced in one sentence: "We are short of money." Each nation is calling in its supply and bidding for more. In the last decade the whole world has waked up to growth, development, civilization, business and commerce as never before known in the history of the race.

The total supply of gold and silver in the world, coined and uncoined, is about $8,497,011,244, or $5.70 per inhabitant. The average annual product is less than 15 cents per inhabitant per year. The circulating medium of our prosperous civilized nations is: for France, $42 per capita; England and Ireland, $19.49;

United States, $24. The circulating medium of England alone is about $30 per capita.

France is safely and prosperously using $42 per capita, which sum can be taken as a not unsafe amount.

UNITED STATES SYSTEM AND SUPPLY OUTGROWN.

The UNITED STATES has outgrown both its system and supply. Its present laws constitute only a patch-work. From August 4, 1790, to date all laws on this subject have been to meet special demands, such as the Revolutionary wants, special purchases of territory, current expenses, private banks and bank notes, the emergencies of the War of the Rebellion, redemption of the currency, and payment of the public debt. Only the amended fragments of these laws now exist, and operate out of harmony with the wants of the people.

The *London Times* says: "The whole monetary system of the United States is in a muddle. This condition is due to piecemeal legislation."

THE EXPANSION OF BUSINESS.

The business area of the United States in less than a century has grown from a small area east of the Alleghanies to an area from the Atlantic to the Pacific; from some 3,000,000 people to over 62,000,000; from a few square miles of populated territory to over 3,400,000 square miles; from ox-carts and stage lines to railroads, steamships and telegraphs; from hand-power and tread-mills to all the complicated implements and machinery of the nineteenth century; from business confines to a few cities and towns not distant from each other to thousands of cities, towns and villages scattered over a continent.

Deducting from the total volume the amount in the United States Treasury and in bank reserves, there is not over $15 per capita in circulation. Scattered as this is over such vast area, it cannot be rushed together at any one point to meet an emergency. When drawn to strengthen one point or enterprise, some other one is proportionally weakened.

THE BANKING NATION OF THE WORLD.

As other nations are insufficiently supplied with money for their home use we can expect no help from them. And why should we? Why should we be a money dependency on any nation? We have vast resources in gold, silver and other wealth. No nation is now able to furnish its own money for its people and largely for other nations. There is to-day an opening for the United States to become the banker of the world, as well as for its own people. Why should we let slip this wonderful power among men and among nations? Our national wealth is estimated at $71,000,000,000, and we are still in our infancy. An issue 2 cents on the dollar in currency, secured for redemption by a constitutional amendment pledging the faith and resources of the nation, would give us an issue of about $1,400,000, or $22 per capita in addition to gold and silver, which would give us a total circulation of about $2,500,000,000.

Our people are paying over $50,000,000 yearly as interest and profits on foreign capital. Why should we pay this sum to foreigners, when we can furnish our entire volume of money and pay interest to ourselves? Why are we to consider it a privilege to have foreign capital come in and occupy the place of our own money? Or if we have enough of our own (as some assert), why does nearly $1,500,000,000 of foreign money come in at our solicitation to buy up our best enterprises and

drain our profits abroad? The present invested foreign capital will in about fifteen years draw from us in interest about $1,500,000,000, still leaving us in debt the principal, $1,500,000,000.

THE VOLUME REQUIRED.

Any system adopted by Congress should be ample. Neither inflation nor contraction should remain as elements of disturbance. As our Supreme Court decisions now stand, there is no limit to the power of any Congress to inflate the currency or contract to any extent.

From this power has come the dangers that have wrecked national paper money schemes of the past, and sooner or later will wreck those of the future. A constitutional amendment fixing the volume, *per capita*, and providing for an increase at each census, leaving vested in Congress by a two-third vote of each House the power to omit or decrease additional issue at each census, and pledging our national wealth and honor for redemption when required, would give us a stable currency as well as an elastic currency.

Such an amendment is hereinafter suggested.

The volume should be of such a character that our National Treasury could hold 25 per cent. of it as a reserve, that a similar reserve of 25 per cent. of the total bank deposits of the United States, as shown by statistics, should be provided for. After making a reasonable allowance for destruction and hoarding, there should be an ample allowance for the current business of the people.

The aggregate bank deposits, not counting savings banks, as shown by official report, is about $2,516,179,807. A United States Treasury reserve of 25 per cent. of this would be $629,043,951, using a similar reserve for the National Banks, $629,043,951. These figures would fix the total volume at the aggregate of the deposits.

This would be about $40 per capita, in gold, silver and currency. The French nation has a volume of $42 to $44 per capita, and are prosperous and safe in finances. The figures used by them should not be considered too great for us. Our present gold and silver coin is $1,100,712,432. Deducting this amount from the above suggested volume leaves $1,415,463,375 as the amount to be provided for in currency and new coinage of gold and silver.

The reported yield of our mines last year was: gold, $32,800,000; silver, $46,750,000; total, $79,550,000. Out of this there were used for industrial purposes, of gold, $16,697,000; silver, $8,767,000; total, $25,464,000; balance left for coinage would be $54,086,000 per year. This volume, if coined each year, would give about $20 per capita for the increase of population. This would leave about $1,400,000,000 to be provided for in currency, or say $22 per capita.

NOT ENOUGH GOLD AND SILVER.

The total amount of gold in the United States in coin is $631,801,689; uncoined is $63,063,981; total, $694,865,680, or $11 per capita. The annual product is $32,800,000, or about 50 cents per capita. The annual consumption of gold for the arts in the United States alone is about $16,697,000, balance for coining, 25 cents per capita. It is therefore the maximum of financial stupidity to assert that gold alone can do the financial work.

Silver.—The total amount of silver in the United States in coin is about $458,134.067; uncoined, is $27,236,440; total, $485,370,497, or about $8 per capita. The annual product is $46,750,000, or 74 cents per capita. The annual consump-

tion of silver in the arts is $8,767,000; balance for coining, per capita, 60 cents. It is apparent, therefore, that silver cannot even approximately meet the demand.

Gold and silver combined could only give about $19 per capita for a circulating medium, with an annual increase of 85 cents per capita for both.

With France using $44 per capita, and England $30, and the United States $24, and each demanding more, it is apparent that the two combined would only yield about three-fourths the volume now in use in the United States, and less than one-half of the amount now used in France with safety.

Upon the issue of this money the Treasury could retire all outstanding paper money, except gold and silver certificates. There would be left a net increase of volume of about $800,000,000. Under Sections 7, 12 and 34 of the accompanying Bill, this volume would soon find its way into the business of the country.

FINANCIAL SUBSTITUTES.

The December report of the the Comptroller of Currency shows that the financial world has been forced for years past to transact about 92 per cent. of the volume of business in checks, Clearing House certificates and other *evidences* of value for want of money. Every promissory note, mortgage and credit is a method or instrument to help increase the volume of money.

What is a United States legal tender note? It is, in money effect, the Clearing House certificate of the nation, backed by the wealth of the nation, good in any clearing house in the United States, instead of a certificate backed by a few banks and only good where they wish to accept it by courtesy. It is the check, signed by the people of the United States, backed by over $71,000,000,000 of the people's wealth, good at any counter of any bank, instead of a private individual's check only good at his own bank and in his own locality. It is the promissory note of the nation, secured by a constitutional mortgage on over 3,400,000,000 acres of land, with the improvements and personal property thereon, valued at $71,000,000,000, payable to bearer, and good to any creditor from any debtor, instead of the private note of a citizen secured by mortgage on a few acres and only good at a discount, or exchangeable for gold or silver, or present coin certificates, to any one who needs coin. It is a representative of value for exchange purposes, mutually agreed upon by 62,000,000 people for their joint benefit.

CURRENCY.

Statistics show, therefore, that the use of gold and silver must be supplemented by paper. This has been done in all historic ages in the form of individual paper obligations, bank obligations and national obligations. The whole class of promissory notes, checks, bills of exchange, drafts, Clearing House certificates, bank notes, national bonds and currency notes are supplemental currency, representative of value for purposes of exchange.

In times of prosperity and confidence business runs far beyond all hitherto furnished national supply of circulating mediums.

What is the result? Individuals try to supplement the demand and issue promissory notes, checks and other private obligations. The banks allow credits, notes, overdrafts, and, as a last resort, "*panic certificates,*" *all to supplement and augment the volume* of circulating medium. As they are curtailed, the crash comes, and failures reduce to poverty and ruin those who are first called on to turn their *personal* circulating medium into the *national* medium. And this pro-

cess must continue until the business of the people is *killed off and brought within the volume of the national legal tender.*

The great question before each nation, and especially our own, is to furnish a volume of legal tender backed up by the wealth of the nation, to replace a large amount of the dangerous substitutes of personal and bank notes, checks, drafts, "*panic*" certificates, etc.

Statistics show that over 92 per cent. of the volume of business the past year was forced to be transacted in these lowest and most dangerous forms of a circulating medium.

It is in them the wreck has occurred, and not in the currency. How could we have clearer proof of the insufficiency of the volume of money than by showing that the whole financial crash, every dollar of it, has occurred in those personal and bank substitutes for money? How can we better demonstrate what cure should be than to substitute a national volume of circulating medium backed by the wealth of the nation, a legal tender, in place of the irresponsible individual and bank substitutes, with only the fleeting wealth of the bank or individual back of it?

PRIVATE BANK notes have failed along these lines for want of national backing. The present National Bank system is the best yet devised. But why should our nation issue to these banks a private note secured by bonds deposited with the Government as collateral security for redemption?

What is the use of the National Bank note fifth wheel? Why should not the nation issue its own legal tender, backed by the resources of the nation for redemption, and loan it direct to National Banks on the same bond or other equally safe collateral?

The circulating medium would then be uniform and of known value, the Government always holding a reserve volume sufficient to meet the fluctuating volume demanded by trade in different localities at different seasons of the year.

Sections 8, 9, 10, 11, 12 and 22 of the accompanying proposed law show in *italics* a complete and safe system to meet the actual wants of our nation.

A CONSTITUTIONAL AMENDMENT NECESSARY.

No system of national finance can successfully meet the wants of business unless it is protected from all dangerous contingencies.

The United States Supreme Court first decided, by five Justices to three, that Congress had no constitutional power to make money a legal tender. One of the five resigned, and Congress added one more to the number of the Court, and under the new arrangement, five Justices held, as a war power, it was constitutional, while the original four still held it unconstitutional. Three of those four Justices have died, and now eight out of the nine hold that Congress can, in peace or war, *make anything, in any quantity, a legal tender.*

If the Administration changes, new Justices can hold as did the original, that Congress has no power to make paper money a legal tender. Until that time, Congress can cause inflation or contraction to a dangerous extent. Or, as France did, issue volumes of paper money on a gold basis, and then bisect or quarter the gold dollar so that one dollar in gold would redeem from two to four dollars of the paper issue.

To make the paper money permanently useful, it must have from the first a fixed and permanent value with gold; its volume must be circumscribed with impassable limits; it must be secured by an irrevocable pledge of national faith and

wealth; it must be exchangeable at par for gold or silver, and a legal tender for all debts.

No date need be fixed for redemption; for redemption would only require a new issue to take its place. Provisions for redemption, when required by a two-thirds vote of each House, would be ample.

All of these points would be secured by an amendment about as follows:

CONSTITUTIONAL AMENDMENT.

ARTICLE XVI.

SECTION 1. A national currency circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890, and by each succeeding census, for the proper redemption of which when required, the resources, the property and the faith of the nation are pledged; for which redemption, Congress, by a two-thirds vote of each House, may provide for the collection of Government revenues and taxes in gold or silver coin.

SECTION 2. Said currency, with gold and silver coin of the United States of present weight and fineness, or such notes as may be issued in lieu of gold or silver coin, held exclusively for the redemption thereof, shall constitute the only legal money of these United States, and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of the United States. Said gold and silver coin and currency shall be exchangeable at par value.

SECTION 3. Congresss shall have power to enforce this Article by appropriate legislation, but shall have no power to increase or decrease said issue; provided, that after the issue of 1890, Congress may, by a two-thirds vote of each House, reduce the rate of any further issue per capita from time to time.

Underlying a national system of finance, this would give us the best foundation ever yet adopted by any nation. The weight and fineness of our coin dollar could not be varied.

The constitutionality of the medium never could be questioned.

The volume is protected against inflation, contraction or repudiation, and provides for a fixed increase at each census to meet increased population, if required.

It pledges *the resources*, "*the property and the faith* of the nation" for redemption when required.

This represents an issue of 2 cents on the dollar of our national wealth of some 3,400,000,000 acres, and personal property valued at $71,000,000,000.

This is a national first mortgage to secure redemption. With such security the national notes would be considered *gilt edged paper in any market in the world.* They would be received in any nation more readily than Bank of England notes are to-day.

No special call will exist for gold to pay national taxes or revenues.

As gold, silver and currency are exchangeable at par as required, the situation would be about as at present. No one would call for gold or silver, but would take paper money or certificates for the coin, except in a few special cases. For this reason large sums of gold and silver would always lie in the United States Treasury, as at present, ready for any exchange required by business.

This allows the Government to buy gold and silver at market rates for coinage.

The profit between purchase price and coinage value would be the profit of the whole people.

PRESERVE THE NATIONAL BANK SYSTEM.

A bank system in the United States is a commercial necessity. Every individual cannot erect burglar and fire-proof vaults to protect his money. Neither could he employ a set of clerks to keep his accounts and financial exchanges.

The banks to-day use the smallest floor space on which the business could be transacted, and also have their working force reduced to the lowest number. The work could not be done by the Government with any less floor space or with any less number of persons.

Nothing could be gained by destroying the present system, with all of its organized and trained forces, and replacing it with any Government scheme for commercial banking or loaning.

The scope and flexibility of the present system could be vastly improved by some such arrangement as the following:

Allow States, counties and cities of say 5,000 population or over, where they need money for public improvements, to issue 2 per cent. bonds for twenty to thirty years to the amount of 5 per cent. of the assessed value of the real estate. Allow the United States to buy these bonds, prohibiting any contest as to their validity after receipt of the money therefor. Let the Treasurer sell these bonds to any National Bank wishing to purchase them, and allow them or any United States bonds to be used as a deposit security with the United States Treasury on which to draw money when additional sums are required by any bank. The large reserve always held by the United States Treasury would be the fund from which this would be drawn, and to which this would be returned when not needed. This would give a perfect elastic currency to meet all expansions or contractions of season trade. Real estate could also be safely used as a reserve, as shown under the head of Farmers' Alliance Scheme hereafter.

The economic of this plan are that States, counties and cities wanting to borrow money and pay interest could borrow of the people who have the national money to loan, and banks could buy such bonds to use in their system.

Our system of national finances should be so arranged that renewed supplies of money seeking loans in the hands of one class of people could be obtained by that other class requiring the use of money. This can best be done by our Government, which is over 62,000,000 people, issuing a full volume of gold, silver and currency, which is the property of all the people, to be used by them as a representative basis of values for exchange.

A large reserve held idle in its vaults by the Government is for the benefit of the people, to be sent at one time (like a reserve force of an army) to the support of this place and then to other places. This reserve system will meet all demands for an elastic currency.

The people, through the Government issuing and holding this medium of exchange for their own use and benefit, share its profits and losses for the community as a whole.

The only remaining point is to provide a proper means by which the people may obtain the use of this money as needed.

This must be done by banking principles, either applied by the Government or by banks.

If the Government attempts this work, it will require as much floor space as the banks now use, and as many and as able employees as are now engaged by all the banks.

That a profit may arise, the banks are now run on the most economical basis possible.

FARMERS' ALLIANCE SCHEME.

This scheme has some sound points in it. Land can be safely used as a security in the National Bank system as well as bonds. Allowing the title to land at a valuation of, say, its average assessed value for the preceding five years and not to exceed one-half of its cash value to be pledged to the Government under the form of a National Bank incorporation, would give relief to the farming communities. It would substitute a National Bank for a Sub-Treasury; a set of bank officers to manage the loans for a set of Sub-Treasury agents; a responsibility to the Government for large aggregate sums under the bank laws instead of the inspection of thousands of small changing loans. The supervision of the Bank Examiners under present laws as to the solvency of the bank would be all that was required, while the bank officers would supervise all detail business and loans to individuals.

Section 8 of the proposed Bill covers the foregoing points.

Section 22 provides that for the first $100,000 drawn as above, the interest to the nation shall be 1 per cent. The rate increases on larger sums as follows: 2 per cent., 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 10 per cent.

The object of this is to prevent reckless drawing and using at low rates.

The lower rates will develop the legitimate industries of the country. The higher rates will check the wild, rash enterprises of speculation, and furnish means to carry on business with less profit or loss until adjustments occasion regular business routine.

This is the same principle applied the world over in finances. The Bank of England raised its rate of discount. So did other European financial institutions. The same thing was done in New York recently. It is the natural law on the subject for checking speculation without killing off legitimate business, and is here used.

This plan is adopted in the recent German law establishing a system of more liberal and modern financiering.

PRESENT FOUR PER CENT. BOND SYSTEM.

The present bond system, as applied to the use of banks, is a financial absurdity.

For a bank to secure circulating notes of, say, $90,000, its stockholders must take $125,000 cash now in circulation and buy $100,000 in United States bonds, and then depositing them, borrow of the United States $90,000 to use in its business. If the bond element is dropped out, the bank could have used $90,000 of its $125,000 for the same purpose and have $35,000 to start a respectable country bank with.

As an original war scheme, selling bonds by the United States to get money was a necessity. Then allowing them to be used as a basis, in the hands of the owners, to increase the circulating medium was wisdom. But for non-holders to use cash on hand to buy them up at a premium to get back less circulating medium than they cost, *for the avowed purpose of increasing the circulation*, is, to say the least, passing strange.

A NATIONAL BOND.

If at any time, by reason of war, or national purchase of territory, or vast public improvement, the nation needed money, it could issue its bonds as in times

past, and sell them for money to meet the demand. Such bonds would work in under the proposed plan with perfect adjustability.

These bonds again could become, in case of emergency, a basis for a national bank issue, as at present, of bank notes not a legal tender.

FIFTY-YEAR TWO PER CENT. BONDS.

How would this practically work out? The owner of 4 or 4½ per cent. bonds would not exchange them for 2 per cent. bonds at par.

To sell the 2 per cent. bonds and leave the money idle in the Treasury until the 4 per cent. bonds matured, would be to pay double interest. To buy up the 4 per cent. bonds at their premium or interest until due, is just as great a loss. If sold to banks as a basis of note issue, the results are even worse. To illustrate: the United States issues, say, $100,000 in fifty-year 2 per cent. bonds. You wishing to open a National Bank, must take $100,000 cash circulating medium and buy the $100,000 bonds. Next you deposit these bonds with the United States and *get back your* $100,000 *cash for a bank capital, and for fifty years the people, through the Government, pay you* 2 *per cent. per year on the bonds for doing a banking business on your own original* $100,000. That is, at the end of fifty years the United States has paid you $100,000 interest—*for what?* Or if you annually use the interest paid you on your bonds to buy new bonds, so as to make it compound, you will own your original capital, $100,000 + $100,000 interest + about $70,895 bonds bought with interest on interest. Total, $170,895 profit presented to you for doing business on your own money.

On the present banking capital of about $700,000,000 now in the United States, the banks would hold at the end of fifty years $700,000,000 capital + $1,196,-265,000 paid to the banks for *doing business on their own capital.* As the voters are the payors and the banks the payees in the above scheme, there would probably be objections raised.

The bonds do not increase money, but are used to buy money already issued from the people, and in fact *first* contract the circulating medium, and then, as paid out by the United States, only restore it to its former volume, which was too small, and which was futilely attempted to be increased by a bond issue.

If deposited with the United States Treasurer and notes issued to 90 per cent., or even par, there is only restored the amount paid for them.

Or if a new issue is made as at present of National Bank notes, not a legal tender, backed for redemption by the United States, why not abandon the intermediate subterfuge and let the United States issue its legal tender on its own backing at once in place of the bonds? The other system has a strong appearance of an intention to adopt a method whereby the United States shall under a cloak of disguise pay unearned money to a class of persons.

FREE COINAGE OF SILVER

is open to much the same criticism.

Last year the silver product of the United States was worth in commerce $46,000,000, but if coined it was worth $64,000,000, a profit of $18,000,000. The free coinage of silver would seem to make a present of $18,000,000 per year to the owners of mines. If the whole output of silver were bought by the people (the United States) at its commercial value and stored, and certificates issued for its purchase, the profit or loss would be for the benefit of the whole people.

FOREIGN SILVER.

The purchase of foreign silver cannot increase our circulating medium.

The money or certificates we issue are changed into coin and sent abroad to pay for the silver.

This is really increasing foreign circulating medium at the cost of the United States.

KILLING OUR PROSPERITY.

Why do not those who have for years declaimed against too much money suggest a relief measure for the situation as shown by the past twenty years.

Every time our country becomes prosperous, and laborers are employed all over the nation, and our industries are active, and men contentedly at work, we reach an advance prosperity beyond our circulating medium. Then commences a financial rigor, resulting in the death of thousands of prosperous industries, and throwing out of employment tens of thousands of laborers.

Then arises a cry from would-be financiers that the business of the country is overdone.

It cannot be overdone so long as our laboring classes are employed, and clothed and fed thereby. Extensive articles are published to show the building of railroads, city business blocks, etc., etc., is overdoing the business of the country. What would such writers want? Did not all that work furnish labor, food, clothing to hundreds of thousands? What would such persons have done without that employment? The remedy is not to kill off the business but to sustain and increase it. The point at which business begins to break down is when the employers cannot collect payment for material and produce; when the owners of property cannot get money simply because the money is too scarce to be had, not enough to go around.

The remedy is for the nation to periodically increase the circulation to keep pace with the prosperity of the country, and not kill the prosperity to await some slow process of growth of circulating medium.

The owners of property cannot pay day labor in portions of property. But if the owner of property can borrow money on it he can daily pay.

The insufficiency of currency to represent small values prevents the employment of laborers. What there is of the money accumulates most in cities. Hence, to the cities go vast crowds of laborers to find jobs of work. When there is money in the rural districts, the laborers willingly go there. A large volume of circulating medium would therefore supply rural districts with money, and call back again to country life from overcrowded cities.

A PROPOSED BILL.

The accompanying bill is suggested as a comprehensive system to cover our whole finances permanently. The wisdom of Congress will, of course, add improvements.

The Bill is drawn so as to utilize the elements found by long usage to have been best in the systems of the United States, England, Scotland, France and Germany, at the same time providing against the dangers that damaged the finances of past schemes.

There are also new elements introduced to meet peculiar demands and conditions existing in this country. The words in *italic* show wherein the Bill differs from the present law of the United States, taking the Act of June 3, 1864, as substantially embracing the present system.

FINANCES *versus* POLITICS.

The matter is now before Congress, and has the attention of the country. Will Congress content itself with some more legislative patchwork, to temporarily tide over the present, soon to be followed by another financial *rigor?*

If a complete, full, comprehensive system, based on safe constitutional restrictions, executed by a statesmanlike law, is proposed in Congress by either political party, will the other dare oppose it? If neither party is competent to handle the matter, or will not, then the people will receive no campaign pledges on the subject from them. In that case what will be the vantage to the Farmers' Alliance, or a third party?

The people believe that Government, and politics and parties are *means to benefit the people and their property.*

Do not the people now need ample legislation to put the money system in order so as to stop the present widespread ruin, and to give employment to the idle multitudes asking for work, and to build up and develop the vast industries and resources of the nation?

This financial question is the great question of the hour. All past attempts at solution have been on the theory of gold alone, or an effort to keep the supply of money as short as possible. This scheme has worked disastrously, fearfully so, and has to be supplemented by the use of personal notes, checks, drafts, "*panic certificates,*" etc., all non-legal tender, and dangerous substitutes for a *national legal tender note backed by the wealth of* 62,000,000 people, having over $71,000,000,000 of wealth.

Legislative financial relief puts money indirectly in the hands of every voter, and revives the dying industries and development of the nation.

Will any financial legislation that benefits a class of citizens or a particular section of the nation be accepted by the masses as satisfactory?

STORM SIGNALS.

A history of the financial storm would occupy too much space. For those who care to trace its growth we herewith attach a current daily list of "newspaper head-lines" from August to December last. They give a most concise idea of the situation:

"Wall Street wants more money." "The bottom fell out." "Still no bottom." "Another day of surprises on Wall Street." "No cause for alarm, says a prominent N. Y. banker." "The Treasury not inclined to help." "Banks in difficulty." "Jay Gould says the worst is over." "Some of the strongest banks unable to settle." "Saved from ruin; the Rothschilds and Bank of England come to the rescue." "The Secretary pours out nearly $70,000,000 to relieve the situation." "N. Y. Banks issue Clearing House Certificates to relieve the financial strain." "Boston Clearing House issues Certificates; amount *not limited.*" "Philadelphia Clearing House issues Certificates to relieve the stringency; amount *not limited.*" "The Treasury turns loose $163,000,000 in October to relieve the strain." "Prominent N. Y. Bankers say the strain is over and plenty of money." "To-day the streets were full of rumors that more Clearing House Certificates would be issued." "$900,000 more Clearing House Certificates were issued." "The usual announcement was made that the banks had no immediate use for the certificates; that the banks simply took them out to *help the moral sentiment.*" "N. Y. Banks lose money, and prices go to the bad." "N. Y. Banks take out $250,000

more Clearing House Certificates." "The Banks are $2,429,650 below the reserve limit." "The West and the South are calling for more funds." "Money loaned on Wall Street at 200 per cent. over legal rates." "Secretary Windom talks on the situation." "Boston Clearing House issues *more* Certificates." "Gold ordered from London." "N. Y. Bankers say the worst is over, and that after to-morrow the man who will not be satisfied with the situation is very unreasonable." "The Secretary buys $5,000,000 4 per cent." "Three N. Y. Banks to-day took out $1,000,000 Clearing House Certificates." "Total issue, $15,000,000." "The financial stringency." "The cure to be found in wise legislation." "Bonded periods for imports may be extended." "Coal mines shut down, and thousands of men out of employment." "The financial pinch."

"Paris, Berlin and Amsterdam should come to the rescue and send gold to New York."

"Good New York authority says the panic is over."

"More Clearing House Certificates taken out for the relief of the market." "Congress to come to the relief of the money market." "President Harrison will send a message to Congress on Monday urging the issue of more money." "Uneasiness in New York circles." "Up the spout. Steady increase of business failures." "More hopeful." "No doubt a steady improvement in finances." "The financial cyclone continues to interrupt business." "Windom's conference with New York bankers." "Public confidence restored by the prompt action of the Administration." "Bankers recover from their fright." "No cause for uneasiness." "Wide stock fluctuations." "Firms forced to suspend." "Several more bank failures." "The financial strain keeps up." "Germany calls more gold from London." "The Bank of England loses more gold." "Over $200,000,000 have been recently paid out by the Treasury to relieve the market, and the strangest fact is, scarcely a trace of its effect is left." "Secretary Windom says the strange feature is that the stringency is not confined to New York, but exists all over the country." "The shrinkage in stocks and bonds in N. Y. Stock Exchange since last June is over $300,000,000."

December 24, 1890. London, Stat.—"The French funding loan for about £36,000,000 is to come out next month. Their balances will be called in from London by the French banks." "Holland will call also for a large amount of gold." "Germany and Russia will probably call home large sums of gold." "Portugal and Austro-Hungary are seeking a large supply of gold for Government use." "South America, Egypt and Africa are using unusually large quantities of gold."

DANGER AHEAD!

The Czar orders that the killing of Jews in Russia shall cease for three years for financial reasons.

London, January 14. The *Times'* correspondent says: "*The Russian Minister of Finance*, representing *that it was inexpedient to quarrel with the Jews because such a course would offend Jewish bankers, the Czar ordered the application of the anti-semitic laws to be suspended for three years.*"

In the Baring Bros. trouble, Lord Salisbury refused to allow the Bank of England to furnish aid. Thereupon the President of the Bank said to him: "*My Lord, I am instructed to tell you, in case you refuse, that unless the Government comes to the rescue, there is hardly a bank in the United Kingdom that can be relied upon to meet the demand of its creditors* TWENTY-FOUR HOURS AFTER THE DISASTER

WE APPREHEND." Lord Salisbury jumped from his chair as if shot, and ordered the relief.

The Bank of England is indebted over $100,000,000 to-day borrowed money for the panic.

The above are only a few of many samples. If our legislators neglect the signs of the times and neglect action, a fearful financial penalty will be paid for it.

In the next panic and financial crash the nations will not be able to extend aid to each other. The elements of national panic are too widespread, and each one will reserve its funds for self-preservation.

OUR FINANCES.

Interesting Talk With Judge R. M. Widney.

THE SITUATION IN THE EAST.

The Country Unsettled as a Result of the Recent Stringency in the Money Market.

Judge R. M. Widney, who has been East for some weeks, returned a day or two ago, and was interviewed by a TIMES reporter at his residence last evening. During his trip the judge visited the principal financial centers of the East, and gave in substance the following interesting facts as the result of his observations:

"The condition of that country," said the judge, "is one of great unrest. The recent stringency in the money market wrought havoc with securities and interest-bearing investments. One banker said to me that in one day the margin on the securities for over $5,000,000. of loans disappeared. The eastern banks have called in millions of dollars loaned to business men to meet the demand for money and while many of the banks have thus secured money to loan, they dare not loan it on time, owing to the danger of a fall in the value of securities. For weeks no one would even bid on United States bonds, while State, county and city bonds ceased even to be quoted. This condition of things has induced thousands of people who have heretofore invested their money in stocks and bonds to secure an income to look to the Pacific Coast for less fluctuating investments. The great profit from fruit-raising and the safety of money in such lands is fast becoming the prominent idea with rich people. Southern California may safely count on the largest immigration from this and other sources during the next five years that has ever occurred. Our people may just as well get ready for the rush, for it is coming sure."

In discussing the financial outlook, the judge said:

"The financial controversy now fairly under way will be the most sweeping in its results ever yet initiated. The parties are arrayed about as follows: On the one side the principal owners of money, who do not want the volume increased. As it now is, the short supply enables the owners who loan it out, where, combined with the time and labor of others, it produces property, to periodically wreck these properties and then buy them in at 25 to 50 cents on the dollar. Opposed to these are all of those who use such money to carry on business. The users of money want a greater volume, so that they can in safety borrow for periods long enough to enable their enterprise to reach maturity and pay out. This class of people are waking up to the fact that paper money, issued on the gold standard value, with the wealth of the whole nation back of it for redemption or exchange for gold when needed, is a proper function of the Government, and should be excercised for the benefit of the people. The United States can issue thus the best circulating medium of any nation on earth, and can be the banking nation of the world. England cannot back the redemption of a large issue with the resources of Canada, Australia, India, or her possessions in Egypt or Africa; for each one of them may at any time leave England and set up for itself, leaving only the little island to back the money issues. France or Germany are too small in area for such financiering. But the United States with its vast area of land, its stable and civilzed form of government, its natural resources, and possessing the confidence of the nation, is in a position to put forth a volume of circulating medium that will meet the wants of her own people and furnish money to loan to other nations, thus making us the banking nation of the world. The thoughts of our statesmen and people are along these lines and will undoubtedly end in the soundest and grandest financial measures that any nation has ever yet adopted."

Judge Widney said he did not think that the free coinage of silver would become a law. The commercial value of the silver yield of the United States last year, he said, was $46,000,000. When put in coins it represented $64,000,000. That is, the Government has added $18,000,000 to its value. Free coinage, he said, means a present of this $18,000,000 to the owners of silver. If the Government buys the silver yield of the United States at its commercial value, this $18,000,000 profit in coining goes to the whole people, and not to a few. In his opinion, no bill beyond purchasing the silver yield of the United States at its market value will become a law.

GOLD STANDARD OF VALUE.

There can be only one standard or unit of value, from which other values, by comparison, will be computed for business. Governments can use anything as such standard — copper, lead, or grain — but it is best to use that which is most generally accepted, and which fluctuates least. This has been found by ages of experience to be gold.

While gold should be the standard unit of value, it cannot possibly furnish the needed volume of circulating medium for the nations. The circulating medium must be largely representative of the gold standard. Checks, drafts, certificates, legal tenders, etc., are representative of the standard value, while copper, nickel, and silver are partly representative and partly intrinsic in value.

The difference between the commerical value of copper, nickel and silver and the gold standard represents the faith and ability of the nation to pay the difference.

While the legal tender represents the faith and ability of the nation to pay the full standard value, checks, drafts, etc., only represent the faith and ability of the drawer to pay the standard value. Great confusion and apparent differences exists in the debates, literature, and resolutions of people, owing to the ambiguous use of the words representing these ideas.

The recent resolutions at Faneuil Hall, and the speeches there made, embrace, unfortunately, this error. Quite a stress was placed upon the honest gold dollar. That the laboring man should be paid in gold dollars, etc. Yet, strange to say, none of the laborers are paid in honest gold dollars. They are all paid in paper money, representative of a gold standard. All the banks in this Eastern country pay in paper representative money, and not in honest gold dollars. All the banks in the United States have only about two cents on the dollar in gold to pay depositors.

But they say you can always get gold for the paper dollar. Theoretically you can, practically you cannot, for there are not as many gold dollars with the government and banks combined as there are paper dollars in circulation. Therefore the honest dollar is any representative dollar of the gold standard or unit of value. The whole apparent controversy on the financial question of the United States may safely be asserted to harmonize on this proposition. *One gold standard or unit of value, with copper, nickel, silver, and paper issued by the United States representative of the gold standard, with the faith and ability of the nation pledged to pay the difference for the common good of the people when required, and a sufficient volume of it to fully meet the wants of the people.*

The coinage of silver on the above basis would probably meet the entire approval of the nation, the government buying the silver at its market value, paying therefor in legal tenders, and holding it as an asset. Of course, the only true circulating medium is the paper legal tender representative of the gold standard, with the faith and wealth of the nation back of it. Cannot our Eastern financiers hasten the return of financial prosperity by bringing their resolutions to clearly recognize the differences above indicated?

BOSTON, 1891.

The parts in *italics* show where this Bill differs from present Act of June 3, 1864.

A BILL

TO PROVIDE A NATIONAL CIRCULATING MEDIUM, AND TO PROVIDE FOR THE CIRCULATION THEREOF.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That there shall be established in the Treasury Department a separate bureau which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a national circulating medium. The chief officer of said bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years unless sooner removed by the President with the consent of Congress. He shall receive an annual salary *of eight thousand dollars;* he shall have a competent deputy appointed by the Secretary, whose salary shall be two thousand five hundred dollars per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ from time to time the necessary clerks to discharge such duties as he shall direct. Such clerks shall be classified by the Comptroller, subject to the direction of the Secretary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after notice of his appointment he shall take and subscribe the oath of office prescribed by the Constitution and the laws of the United States, and shall give to the United States a bond in the penal sum of one hundred thousand dollars, with not less than four responsible sureties, to be approved by the Secretary of the Treasury, conditional for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take said oath of office, and give a similar bond in the sum of fifty thousand dollars. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

SEC. 2. And be it further enacted:

That the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscriptions, for his office, a description of which, with the certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State, with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him

to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

SEC. 3. And be it further enacted:

That there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the Treasury Building for conducting the business of the Bureau of Finance, in which shall be safe and secure fire-proof and burglar-proof vaults in which it shall be the duty of the Comptroller to deposit and safely keep all plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, light and other proper conveniences for the transaction of said business.

SEC. 4. And be it further enacted:

That the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue a circulating medium in the name of the United States of America *to the amount of* $20, *in addition to gold and silver coin, per capita of the population of the census of* 1890. *Upon ascertaining each following census the issues shall be increased to* $20 *per capita.* In order to furnish suitable notes for circulation the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and to have printed therefrom, on paper or similar material best adapted therefor, and numbered, the quantity of circulating notes, of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars and five hundred dollars, as may be required to supply the issue herein called for. *The number of each denomination in use shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered from No.* 1 *up. That a duplicate of each denomination and from each successive plate used shall be perforated with the word "duplicate," and carefully preserved for use in the identification of the originals, and for the detection of counterfeits, by comparison therewith. Said notes shall express on their face that they are issued by the Government of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Secretary of the Treasury, and of the Comptroller of Finance, and the imprint of the seal of the Treasury, and shall bear such other statements and devices as the Secretary of the Treasury shall direct, and shall contain a statement that "This note must be surrendered to the Comptroller of Finance in exchange for a new note of similar denomination during the year" (stating the year for retiring the same). Said notes, and gold and silver coin of the United States, shall be received at par, in payment of all obligations within the jurisdiction of the United States for the payment of money. The monetary use of gold and silver coin of the United States under existing laws is not hereby interfered with, and said notes, gold and silver coin shall be exchangeable at their par value, in such manner as shall best subserve the interests of the people.*

SEC. 5. And be it further enacted:

That it shall be the duty of the Comptroller of Finance to receive worn out and mutilated circulating notes issued hereunder, and with the Secretary of the Treasury the Comptroller of Finance shall compare said notes with the duplicates thereof on file, and when satisfied that the same are the originals issued under this act, they shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance and such other person as the President shall designate. A permanent book of record of the destruction of such notes, with

sufficient descriptions thereof, shall be kept by the Comptroller of Finance and published in the *Bulletin of Finance*. After said destructions of said notes, new notes of the same denominations and number shall be issued to the owners of the destroyed notes, of which duplicates shall be kept as hereinbefore provided. Such new notes shall be marked second series or third series as the case may be.

SEC. 6. And be it further enacted:

That in the year following each second census beginning with the census of 1910, *the entire issue of circulating notes shall be retired and destroyed as provided in section* 5 *herein. And under the provisions of this act a new issue shall be made from new dies and plates and with new designs, and shall be substituted for the retired notes, and during the year for retiring said notes each banking institution doing business hereunder, shall during the months of January, February, March and April forward to the Comptroller of Finance* 25 *per cent. each month of said notes in its possession, and in exchange therefor the Comptroller of Finance shall issue notes of the same denomination. During the remaining months of the year each of said banking institutions shall monthly forward all of the old issue of notes it may have or receive to the Comptroller of Finance for destruction and exchange. During said remaining months of said year for retiring said old issue any person or corporation may forward notes of the old issue for destruction and exchange to the Comptroller of Finance. After the expiration of the said year for the retiring said old issue of notes, the said old issue shall cease to be lawful money of the United States, and shall only be received by the Comptroller of Finance for destruction and exchange, and shall be so received until the outstanding old issue is entirely retired and destroyed.* The dies and plates used in producing the old issue of notes shall be destroyed by fusing in fire in January of each year retiring, in the presence of the Secretary of the Treasury, the Comptroller of Finance, and some person appointed by the President. A record of the destruction of said plates shall be kept in the office of the Comptroller of Finance.

SEC. 7. And be it further enacted:

That for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to redeem all outstanding notes or currency of the United States, and to buy legally issued bonds of the states, counties, incorporated cities of over 3,000 *inhabitants, and public school districts, said bonds to be issued by said states, counties, cities and districts, for a valuation not to exceed five per cent. of the average assessed value of the real estate in said state, county, city or district, for the five years preceding the issuance of said bonds, deducting from the said issue of bonds the par value of any other outstanding bonds issued by said state, county, city or district. Said bonds shall be a lien on all real estate in said state, county, city or district, and shall bear interest at the rate of two per cent. per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and a sinking fund shall be provided in each case sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance, and the receipt of the circulating notes therefor shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no defense shall be set up to the payment of principal or interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense. Said bonds may be sold by the Comptroller, and such bonds or any United States bonds may be deposited at par as reserve security by banks in the same manner as provided for real estate herein.*

If said state, county, city or district shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said state, county, city or district in default on its last assessment roll sufficient to meet said payments and costs of collecting the same; and the same shall be collected by any person or persons appointed therefor by

the Comptroller of Finance, who shall have power where said tax is not paid within thirty days after it is levied to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, state or national, having jurisdiction of the property. The United States may become the purchaser of such property. Redemption may be made within one year after sale by paying the amount due on the sale and interest thereon at ten per cent.

SEC. 8. And be it further enacted:

That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association, which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule *of the bonds or real estate offered and known as "the reserve security" as herein provided for, which schedule shall accurately describe said bonds, and real estate and the improvements thereon, stating in whom the title is vested in fee simple absolute, free of all incumbrances or liens, and giving the yearly assessed value thereof for each separate year for state and county purposes for the five preceding years, which schedule shall be certified to as correct by the proper keeper of the records of title of said property.* Upon receipt of said articles and schedule, the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is not in excess of half of the actual value of said real estate, and that the schedule is otherwise correct as to its statements, he shall notify said persons of that fact and of the name approved by him for the association.

SEC. 9. And be it further enacted:

That the persons uniting to form such an association shall make a certificate of organization, which shall specify:

First.—The name assumed by the association.

Second.—The place where its operations of discount and deposit are to be carried on, designating the state, territory or district, and also the particular county and city, town or village.

Third.—Its capital stock, and the number of shares into which it shall be divided.

Fourth.—The names and places of residence of the shareholders, and the number of shares held by each.

Fifth.—An accurate copy of the schedule of *bonds or real estate attached* to the articles of association provided for in section 8.

Sixth.—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said *real estate is for security as required in this act.*

The said certificate shall be duly signed and acknowledged by each of said persons, in the manner required by the law of the place for acknowledging conveyveyances of real estate, to entitle them to be recorded. *When duly certified*

therefor said certificate shall be recorded in the proper book of record of the county or district in which the real estate is situated; thereafter no lien or claim shall attach to any of said real estate, except such as shall be wholly subordinate to the prior claim under said certificate against said real estate for the purposes of this act. When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his office. Copies of said certificate, duly certified by the Comptroller of Finance and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association and of every other matter that could be proved by the production of the original certificate.

SEC. 10. And be it further enacted:

That no association shall be organized hereunder with a "reserve security" greater than one million dollars, or with a less "reserve security" than twenty-five thousand dollars, nor with a capital stock of less than fifty thousand dollars.

SEC. 11. And be it further enacted:

That whenever a certificate of organization has been received and filed by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate in the manner deemed best the personal standing, financial condition and record of the persons seeking to form the association, also the object of the association, the location and value, present and prospective, of the real estate described in said certificate of organization, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above referred to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year and its capital stock. The said certificate shall be published in such local newspaper for sixty days, as the Comptroller of Finance shall designate. From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers and duties of banking corporations, and shall exist for the period of twenty years. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

SEC. 12. And be it further enacted:

That thereafter, upon the demand of the said association, the Comptroller of Finance shall issue to said association a warrant on the Treasury of the United States, for circulating notes of the Government to the amount of the said assessed value of said real estate, or the par value of said bonds deposited by said bank, or for any part thereof, as demanded from time to time, which warrants, upon presentment duly endorsed, shall be paid out of the Treasury in the notes issued hereunder. Said sum or any part thereof may, on the first of any quarter of the year, be returned to the Treasury.

SEC. 13. And be it further enacted:

That the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors, which may be in legal session on any Monday

from 10 A. M. wherein a quorum is present, and on any other day where, after notice, a quorum may be present, or to which a regular session may be adjourned, a quorum being present.

Every director shall be a citizen of the United States during his whole term of service; and at least three-fourths of the directors shall have resided in the state or territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt or obligation; which oath subscribed by him and duly certified, as required by law, shall be immediately transmitted to the Comptroller of Finance and by him filed and preserved in his office.

SEC. 14. And be it further enacted:

That the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second Tuesday of January of each year, and the directors as elected shall hold their places until their successors are elected and qualified. Any vacancy occurring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall be filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may be held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

SEC. 15. And be it further enacted:

That in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a proxy.

SEC. 16. And be it further enacted:

That the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the by-laws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner; but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder by transfer, or otherwise, shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each existing bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such associations to the extent of the amount of their stock therein, at par thereof, in addition to the amount invested in such shares.

SEC. 17. And be it further enacted:

That the capital stock or *the reserve security* of any association formed here-

under may be increased or decreased within the limits fixed for the capital stock or *the reserve security* by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or decrease of capital stock or the *reserve security* shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned, provided *that in the decrease of the reserve security the association so decreasing its reserve security shall surrender to the Comptroller of Finance circulating notes received thereon to the amount of the decrease. In such cases the Comptroller of Finance may, in his discretion, release from the effect of this act a pro rata of the bonds or real estate described in the certificate of organization, but this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance.*

Any association organized hereunder may close up its business and dissolve its organization by a vote of its stockholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance the circulating notes received on its reserve security. The Comptroller of Finance, upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto; and upon being satisfied that all obligations of said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the *United States Bulletin of Finance* for the same period. If any objections to the dissolution are filed with the Comptroller of Finance before the expiration of said sixty days, he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the bonds or real estate described in the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed, sealed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association will thereby be completely dissolved.

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SEC. 18. And be it further enacted:

That if at any time the value of the real estate described in the certificate of organization shall depreciate in value, to be decided by the Comptroller of Finance, he may require any portion of the circulating notes of the association's reserve security to be surrendered to the Comptroller of Finance, or he may require further real estate security as in the original formation of the association. Should the Comptroller of Finance at any time deem the affairs of said association unsafe from any cause, he may appoint a special agent or agents under his hand and seal of office, who shall have power to inspect all the affairs of said association, and to close up its affairs to the best possible advantage to all parties interested. To this end he shall have power to bring or defend any suit in the name of the association, and to sell at public or private sale any or all of the real estate described in the certificate of organization, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act, and to use the same to close up the accounts. He shall give such

bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.

SEC. 19. And be it further enacted:

That the directors may semi-annually declare dividends from the net profits of the association, but such association before it shall declare a dividend shall carry at least ten per cent. of its net profits to a reserve fund until said reserve fund shall equal the capital stock of said association.

SEC. 20. And be it further enacted:

That it shall be lawful for any association hereunder to purchase, hold and convey real estate as follows:

First.—Such as shall be necessary for its immediate accommodation in the transaction of its business and *for its reserve security.*

Second.—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or for loans made thereon.

Third.—Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth.—Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate for any other purpose than as herein specified. Provided that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

SEC. 21. And be it further enacted:

That each association may charge such rates of interest as may be allowed by local laws where the association is situated. Each association shall keep on hand in cash an amount equal to at least twenty-five per cent. of the amount of its deposits, when the reserve amount shall fall below said percentage. No more dividends or loans shall be made until the amounts called in shall restore the said percentage.

SEC. 22. And be it further enacted:

That every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and *the last assessment valuation of its real estate,* before the commencement of business on the morning of the first Monday of the months of January, April, July and October of each year, and shall transmit the same to the Comptroller of Finance within five days thereafter. And any bank failing to transmit such report shall be subject to a penalty of one thousand dollars for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the *United States Bulletin of Finance,* and the separate report of each association shall be published by the association in a local daily newspaper for at least one week. *Said*

association shall forward, with each quarterly report, one-fourth of one per cent. of the cash used on its reserve security, during the preceding quarter, as interest thereon, on sums not to exceed $100,000, *and one-half of one per cent. on the excess over* $100,000 *and less than* $200,000, *and three-fourths of one per cent. on the excess over* $200,000 *and less than* $300,000, *and one per cent. on the excess of* $300,000 *and less than* $400,000 ; *thereafter the rate shall increase one per cent. additional on each additional* $100,000 *used;* and in case of default in the payment thereof, by any association, said interest may be collected in the manner provided for the collection of United States duties of other corporations. In addition to the quarterly reports required herein, every association shall, on the first Tuesday of each month, make to the Comptroller of Finance a statement under oath of the president, or the cashier, showing the condition of the association making such statement, in respect to the average amount of loans and discounts, specie and circulating notes on hand belonging to the association, Clearing House certificates, deposits, and such other matters as the Comptroller of Finance may require.

Sec. 23. And be it further enacted:

That no association shall make loans or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold within six months from the time of its purchase. But no such purchase or sale shall relieve the former owner thereof from his pro rata of responsibility for all debts incurred by the association prior to sale and transfer to a new purchaser in good faith.

Sec. 24. And be it further enacted:

That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital or reserve fund. And if any losses shall at any time have been sustained by any such association equal to or exceeding its undivided profits then on hand in cash, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts and ten per cent. for the reserve fund. And all debts due any association, on which the interest is past due and unpaid for a period of six months, unless the same shall be well secured and shall be in process of collection, shall be considered bad debts within the meaning of this act.

Sec. 25. And be it further enacted :

That the president and cashier of every such association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted ; and such list shall be subject to public inspection during business hours of each day in which business may be legally transacted. A copy ofsaid list shall be sent with each quarterly report to the Comptroller of Finance.

Sec. 26. And be it further enacted :

That the directors of any bank incorporated under any national or state law may, upon the authorization of the owners of two-thirds of the capital stock, in writing, duly signed and acknowledged, avail themselves of the provisions of this act and become a national association

under their corporate name by complying with the provisions of this act. The said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.

SEC. 27. And be it further enacted:

That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the association thus designated, satisfactory security in real estate for the safe keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

SEC. 28. And be it further enacted:

That all transfers of the assets or any part thereof, of any association doing business hereunder, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be utterly null and void.

SEC. 29. And be it further enacted:

That any director, officer or employee, of any association organized hereunder, who shall knowingly violate, or permit any of such persons to violate the provisions of this act, shall be removed forthwith from his position, by the proper authority of the association, or by the order of the Comptroller of Finance. And any director, officer or employee of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not more than ten years.

SEC. 30. And be it further enacted:

That all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act, may be had in any circuit, district or territorial court of the United States held within the district in which the association may be established, or in any state, county or municipal court in the jurisdiction of which said association is established, which has jurisdiction in similar cases.

SEC. 31. And be it further enacted:

That if any person shall falsely make, forge or counterfeit, or cause or procure to be made, forged or counterfeited, or willingly aids or assists in forging or counterfeiting any note in imitation of or purporting to be in imitation of the circulating notes issued under the provisions of this act, or shall pass, utter or publish, or at-

tempt to pass, utter or publish any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be falsely made, forged or counterfeited, or shall falsely alter, or cause or procure to be falsely altered, or willingly aids or assists in falsely altering any such circulating notes issued under the provisions of this act, or shall pass, utter or publish, or shall attempt to pass, utter or publish as true, any falsely altered or spurious circulating notes issued, or purporting to have been issued under the provisions of this act, knowing the same to be falsely altered, or spurious, every such person shall be deemed and adjudged guilty of a felony, and being thereof convicted shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years nor more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 32. And be it further enacted:

That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die or block after the similitude of any plate, die or block from which any circulating notes issued as aforesaid shall have been prepared or printed, with intent to use such plate, die or block, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept at hard labor for a term not less than five or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 33. And be it further enacted:

That the Comptroller of Finance shall cause to be prepared each month concise information showing the amount of circulating notes issued during the preceding month, and the amount of circulating notes, gold and silver coin, in each state, territory, district, and in the principal cities of the United States, and also the amount in the various vaults or Treasuries of the United States. Also the amounts expended by the Government in each state, territory or district. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund, and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial interest of the people to be published. Such information shall be published monthly by the Department of Printing in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder, to the President and each member of his Cabinet, to each member of Congress, and to such other officers of the Government as the Comptroller of Finance may direct. Also to the Governor of each state, territory or district, and to each public library, university or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar. All subscriptions shall end with the December number of each year. Subscriptions made during the year shall be at the rate of ten cents per copy for the remaining months of the year.

SEC. 34. And be it further enacted :

That as the circulating medium shall accumulate in the Treasury of the Government from revenue or otherwise, it shall be returned to circulation among the people in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection thereon of suitable buildings for post offices and other uses of the Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each state, territory or district as nearly as may be, in proportion to the number of its inhabitants, provided that states already supplied with public buildings shall not receive additional expenditures until the other states, territories or districts shall have had their equal proportions. All public work shall be done by day's labor, at the rate of one dollar and fifty cents per day for eight hours work for common labor. A less rate shall be paid where the laborer is not able to perform a reasonable day's work. The expenditures hereunder shall be as directed from time to time by Congress.

SEC. 35. And be it further enacted :

That all notes issued hereunder and all money received by the Comptroller of Finance hereunder shall be deposited in the Treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

SEC. 36. And be it further enacted :

That all improvements on property described in the certificate of organization shall be kept insured by the association to the full amount of its assessed value, payable to the Comptroller of Finance, and all insurance on such property, in whatever name insured, shall, in case of loss, be paid by the insurance company to the Comptroller of Finance, to be by him disposed of, with the consent of the Secretary of the Treasury, as they may deem best in the interest of the various parties concerned.

SEC. 37. And be it further enacted :

That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisoned for not less than one year and for not exceeding fifteen years.

SEC. 38. And be it further enacted :

That if the directors of any association shall knowingly violate or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this act, all the rights, privileges and franchises of the association derived from this act shall be thereby forfeited. Such violation shall be first determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance, and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation. Such directors shall thereafter be disqualified for the office of director in any association formed hereunder ; and any president, direc-

tor, cashier, teller, clerk or agent of any association who shall embezzle, abstract or willfully misapply any of the moneys, funds or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note, bond or draft, bill of exchange, mortgage, judgment or decree, or shall make any false entry in any book, report or statement of the association, with intent in either case to injure or defraud the association, or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

SEC. 39. And be it further enacted :

That the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association formed hereunder, which person or persons shall not be a director or other officer or employee in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day employed by him in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty.

SEC. 40. And be it further enacted :

That persons holding stock as executors, guardians, administrators or trustees shall not be personally subject to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

SEC. 41. And be it further enacted:

That hereafter no associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now formed under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired.

SEC. 42. And be it further enacted:

That the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance, under this act, and under such name, shall with the bureau now established, perform al duties required under the various acts of Congress relating to currency or a circulating medium.

SEC. 43. And be it further enacted :

That all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter or repeal this act.